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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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OFFICE OF CURRENT INTELLIGENCE

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### THE WEEK IN BRIEF

#### EAST-WEST RELATIONS . . . . . Page 1

Top Soviet leaders have shown an increased interest in sounding out Western views on Berlin and have taken the initiative in arranging for contacts with high-level Western officials. Ambassador Thompson feels that the Kremlin hopes to avoid a further rapid build-up of tensions. The ambassador also feels that before the Soviet party congress Khrushchev will take the initiative on securing agreement on a date for negotiations even if the talks commence after the party meeting. Initial Soviet reaction to the President's speech of 25 July concentrated on charges that the US was using the "so-called threat to Berlin" as a pretext for continuing the arms race. [REDACTED]

#### NORTH AFRICA . . . . . Page 3

The Bizerte crisis may result in a change in Tunisia's foreign policy orientation. Tunisia is reintegrating itself into the Arab world, and Asian-African as well as Sino-Soviet bloc support is likely to encourage anti-West tendencies which Bourguiba has heretofore held in check. The Bizerte aftermath threatens De Gaulle's Algerian policy and France's relations with its former territories in tropical Africa, and may give a new impetus to anti-Gaullist plotters. However, French-Algerian negotiations resumed on 20 July. [REDACTED]

#### CUBA . . . . . Page 7

The new "united party of Cuba's socialist revolution," announced by Fidel Castro on 26 July as including all political, military, and other organizations, will probably be controlled by the Popular Socialist (Communist) party, which is expected to maintain its hard core as a separate entity. Speeches by regime leaders during the 25-26 July celebrations followed familiar lines and held no surprises. Six MIGs were put on public display for the first time on 25 July. No serious Castro-inspired incidents occurred in other Latin American countries on the Cuban anniversary. [REDACTED]

#### CONGO . . . . . Page 9

Gizenga's supporters at the parliamentary session in Leopoldville have shown considerable strength, although they are not assured of being able to form a government. Katanga's efforts to achieve a rapprochement with Gizenga and the Soviet bloc are unlikely to elicit a favorable response at this time. However, the American Consulate in Elisabethville believes that Katangan Interior Minister

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Munongo, who has assumed most of Tshombé's powers, is concerned over the rebuffs Katanga has experienced from the West and is not bluffing in his overtures to the Gizengists and the Soviets. [REDACTED]

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LAOS . . . . . Page 10

Formation of a coalition government still appears remote. Projected talks in Phnom Penh between Boun Oum and Souvanna Phouma probably will provide little impetus in view of Souphannouvong's boycott. At Geneva, the Communist bloc has taken the position that no agreement can be reached on questions involving internal aspects of Laotian security until a coalition Laotian delegation is formed. The military situation in Laos remains generally quiet, but both sides continue to prepare for the possibility of resumed hostilities. [REDACTED]

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EAST GERMAN REGIME SEEKS TO DETER REFUGEE FLIGHTS . . . . Page 13

The flow of refugees to West Berlin during July has reached the highest rate in recent years. A growing number of East Germans are escaping now in fear that their access to the West through Berlin will become more difficult in the near future. Between 1 and 26 July, 22,758 persons were registered at the West Berlin refugee center. To counter this rise, the regime has resorted to additional police measures. [REDACTED]

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FURTHER SOVIET ARMS AID FOR INDONESIA . . . . . Page 15

As a result of negotiations held in Moscow in early June, Soviet military assistance commitments to Indonesia have been increased by more than \$75,000,000, raising the total since mid-1960 to over \$600,000,000. The increase is accounted for in part by the USSR's agreement to provide surface-to-air missiles to the Indonesian Air Force and by a large rise in expenditures for training. Equipment contracted for earlier this year has begun arriving in Indonesia; two TU-16 jet medium bombers were ferried from the USSR in late June. A shipment of MIG-19 jet fighters along with other arms and equipment may be delivered by the end of this summer. [REDACTED]

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BLOC ACTIVITIES IN WEST AFRICAN CIVIL AIR SERVICES . . . . Page 15

Aid for the establishment and operation of national commercial air services is becoming an increasingly important part of the bloc's activities in West Africa. Soviet- and Czech-made aircraft will soon be the major carriers on air lines in Guinea, Ghana, and Mali. [REDACTED]

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SOUTH KOREA'S ECONOMY . . . . . Page 17

South Korea's military government is striving to overcome the dislocation of business and agriculture which

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followed the 16 May coup. The political stability of the regime will continue, however, to be affected by the country's basic economic weakness. The regime, which until recently concentrated on the elimination of corruption and profiteering, is proposing a five-year development plan and a program of spending which appear beyond available resources. [REDACTED]

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### NATIONALIZATION IN THE UAR . . . . . Page 17

Five decrees issued by President Nasir on 23 July have all but eliminated private enterprise as an important economic force in Egypt and Syria. Almost 400 enterprises--including all of the UAR's larger firms--were either nationalized outright or brought under effective government control. [REDACTED]

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### PORTUGAL'S AFRICAN DIFFICULTIES . . . . . Page 19

Portugal's continuing difficulties in Angola are emphasized by its mid-July decision to raise troop strength there to double the number considered necessary in May. In Portuguese Guinea, armed clashes have recently occurred between Lisbon's troops and nationalist insurgent elements based in Senegal, which on 25 July severed diplomatic relations with Portugal. [REDACTED]

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### EUROPEAN HEADS OF GOVERNMENT MEETING . . . . . Page 21

The heads of government of the six Common Market (EEC) countries who met in Bonn on 18 July sufficiently submerged basic differences over European political unity to announce a program to strengthen EEC political ties. The program is essentially a victory for De Gaulle's "confederal" approach--even though he has made some tactical concessions and the Benelux countries in particular remain suspicious that he is undercutting existing EEC institutions and weakening Continental ties with NATO. Drafting of the proposed European "statute," or constitution, a lengthy process at best, will be further complicated by Britain's expected application for EEC membership. [REDACTED]

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### BRITISH LABOR PARTY TRENDS . . . . . Page 22

A substantial shift since last year in trade union voting on unilateral British nuclear disarmament assures endorsement of Gaitskell's pro-NATO policy at the Labor party conference this fall. This growing sentiment for Labor party unity comes at a time when Britain's worsening economic situation has brought the first substantial decline in the Macmillan government's popular standing since the 1959 general elections. [REDACTED]

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**NEW AGRARIAN GOVERNMENT IN FINLAND . . . . . Page 23**

Premier Miettunen's minority Agrarian government, formed after a reconvened parliament proved unable to agree on a coalition, contains six new members but will probably pursue the same policies as its predecessor, seeking to reassure the USSR of Finland's strict neutrality. The new cabinet is generally expected to serve until the mid-1962 parliamentary elections.

**SPECIAL ARTICLES****LONG-TERM ECONOMIC PLANNING IN THE USSR . . . . . Page 1**

The USSR's long-awaited 20-Year Plan for economic development apparently is to be published on 30 July as part of the new draft program of the Communist party of the Soviet Union. The plan will be hailed as the blueprint for catching up with the US economically and for carrying the USSR across the threshold of communism. It will try to provide for more systematic programing for long-range development and to correct economic inefficiencies attributed to the lack of continuity in previous planning practices.

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**TRENDS OF OPINION IN THE SOVIET YOUNGER GENERATION . . . . Page 4**

Soviet youth as depicted in current Russian literature in the main accepts the political and social system in which it finds itself but is unresponsive to the creed upon which the system is based. The philosophically minded seek a more satisfactory reason for existence than is offered in the slogans of the Communist party. Others are increasingly frank in demanding material benefits now, in place of the vague rewards of the Communist future. In an effort to deal with apathy toward Soviet slogans the regime has tried to increase discipline among the youth by raising requirements for labor training in the educational system, and Komsomol activity has been stepped up. But neither of these actions seems to have strengthened youth's allegiance to official party goals.

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**INDIA'S FOOD SITUATION . . . . . Page 9**

New Delhi's success in expanding annual production of food grains by more than 35 percent during the two five-year plans undertaken since 1951 will almost certainly strengthen the ruling Congress party's position in the nationwide elections scheduled for next winter. A build-up of reserve stocks under PL-480 imports from the

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United States and New Delhi's vigorous efforts to maintain the upward trend in food production appear to have established some basis for stability in the food picture. However, the vagaries of weather in any given year will remain an uncertain factor.

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**CONFIDENTIAL****CURRENT INTELLIGENCE WEEKLY SUMMARY****WEEKLY REVIEW****EAST-WEST RELATIONS**

Moscow appears to be marking time on the Berlin question, probably pending a full assessment of the Western position as set forth in the President's speech of 25 July. The absence of high-level comment on the President's previous statement on Berlin at his press conference of 19 July, together with the routine denunciations of the Western notes of 17 July, suggests that the Soviet leaders are carefully weighing their next move and their reply to the Western notes.

The TASS report of the President's address adopted the line that the President had added "his share to the campaign of whipping up war hysteria." The speech was characterized as "bellicose" and further proof that the US was using the "so-called threat to Berlin as a pretext to further the arms race." TASS emphasized that the President "admitted" that the US had actually started the build-up of armaments "immediately after inauguration." The TASS account reported all six defense measures outlined by the President, and devoted considerable attention to the President's statements on negotiations.

Top Soviet leaders have indicated an increased interest in sounding out Western representatives. President Brezhnev solicited the Norwegian ambassador's opinion on the general international situation and NATO policies in a recent interview. Presidium member Kozlov did likewise in a conversation with Ambassador Thompson. When the Berlin question was mentioned, however, the Soviet leaders did not pursue the matter. Apparently at Soviet urging, Italian Premier Fanfani is to arrive in Moscow on 2 August. The Soviets

also took the initiative in inviting Ambassador McCloy to visit Khrushchev on the Black Sea.

The bloc position, as contained in a series of speeches and statements last week, continues to feature the themes of readiness to negotiate but preparedness to deal with any Western military moves. Khrushchev, for the first time in recent weeks, passed up the Berlin issue in a speech honoring the visit of the Sudanese premier. However, in his greetings to the World Youth Forum, which opened in Moscow on 25 July, Khrushchev accused the West of creating a "hotbed of war" by refusing to conclude a peace treaty and resolve the Berlin problem.

Speaking at a Polish reception on Poland's national day, Kozlov warned that the bloc had enough modern weapons "to rebuff a new march to the East." He emphasized that the USSR would like a joint solution of the German question with the Western powers, but cited Khrushchev to the effect that Moscow would not engage in endless talks. The Khrushchev-Brezhnev congratulatory telegram stated that the Polish and Soviet people were fighting for the elimination of the remnants of the last war by "immediately signing a peace treaty with Germany." Polish party leader Gomulka echoed this line in a speech on 21 July and stated that the bloc would conclude a separate peace treaty "toward the end of the year" if the West rejected "our outstretched hand." East German politburo member Norden asserted that a peace treaty would be signed this year. Bulgarian Premier Yugov referred to the "earliest" conclusion of a peace treaty. The hardening of the Soviet propaganda line was also evident in an unusual attack on

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De Gaulle by a Pravda "observer" the by-line used to signify the endorsement of the top leadership. De Gaulle was accused of following in Adenauer's wake and playing the role of Mussolini to Adenauer's Hitler.

Despite the strident tone of Soviet and bloc statements and the continuing emphasis on the "war psychosis" in the US, the Soviet leaders probably hope to avoid a series of moves and counter moves which would force a further build-up of tensions. This is reflected in the continued complaints by high Soviet officials that the West is deliberately creating a crisis atmosphere and distorting the Soviet position. Ambassador Thompson believes that before the party congress in October Khrushchev will move to bring about an agreement on negotiations, even if the date might be fixed for after the congress. He also believes that the acute political embarrassment of the refugee flow and the Soviet reluctance to sanction drastic measures against it will provide further incentives for Khrushchev to initiate a move for negotiations.

Information on Khrushchev's talks with Yugoslav Foreign Minister Popovic earlier this month suggests that expectations of Western disunity over Berlin and pressures within the West for negotiations are among the principal considerations shaping Khrushchev's current stand.

Khrushchev appeared confident of his ability to settle the Berlin question on his terms, because of a conviction that "sensible Western statesmen" would not permit the issue to develop into a conflict. Khrushchev also seemed convinced

that current US policy was being set by Adenauer and did not represent "real" US interests and that US interests in Berlin are mainly a matter of prestige. He also assured Popovic that 31 December was not a deadline, and the USSR would be willing to continue negotiations, provided the talks were not dragged out "indefinitely."

The stress on negotiations continues to appear in Soviet propaganda and in unofficial statements. Pravda urged on 21 July that the issues be resolved at the negotiating table.

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A Soviet Foreign Ministry official, in a conversation with a US Embassy officer, also implied that there was room for a compromise settlement. He stated that the question of the boundaries of Germany was more important than the question of Berlin, although a decision was needed on the latter. He referred to the northern, southern, and eastern boundaries, presumably meaning Western acceptance of the Oder-Neisse line and the Czech frontiers.

In anticipation of the neutralist conference in Belgrade in September, the Soviet chargé in Djakarta on 24 July presented the Soviet position on Berlin to the Indonesian Foreign Ministry. This move is consistent with Moscow's attempt to influence Yugoslav opinion during the visit of Yugoslav Foreign Minister Popovic earlier this month.

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**CONFIDENTIAL****CURRENT INTELLIGENCE WEEKLY SUMMARY****NORTH AFRICA****Bizerte**

President Bourguiba apparently will seek another meeting of the UN Security Council to charge that France has failed to comply with the council's 22 July resolution urging an immediate cease-fire at Bizerte and the withdrawal of forces to positions held before hostilities began on 19 July. Before the tenuous truce was effected on Sunday, French forces had secured all access routes to their base complex. A formal cease-fire has yet to be arranged because the French base commander and the Tunisian provincial governor, who have been charged with securing an agreement, have not agreed on a site for the meeting. France is reported to have suggested a "neutral spot" outside Bizerte for the meeting.

Bourguiba may have intended to forestall a similar move by the USSR when he stated on 25 July that he wanted another meeting of the Security Council. An American UN official had a hint on 24 July from Georgy Arkadyev, highest ranking Soviet national in the Secretariat, that the USSR might call for another council meeting. This official estimates that if the French do not comply promptly with the council resolution, there will be a further meeting on 28 July "and a special General Assembly session next week."

Hammaraskjold, who arrived in Tunis on 24 July at Bourguiba's invitation, is reported hopeful that he can persuade both the Tunisians and the French to conform to the resolution, in which case "it would not be too difficult for the parties to reach a negotiating posture." Negotiations, however, would be complicated both by

fears of reprisals by the sizable French colony in Bizerte and by Tunisian action in detaining and expelling French citizens and seizing French properties throughout Tunisia.

Bourguiba on 25 July renewed his demands that France evacuate the base and reiterated his appeal for foreign volunteers, citing a need for guerrilla fighters, technicians, and arms to augment his crippled army. The return of the 3,100 Tunisian troops from the Congo will boost morale, but Bourguiba feels a need for something more than pledges of solidarity and is seeking at least a token international force.

There is still no evidence that Tunisia is soliciting Sino-Soviet bloc assistance, despite the fact that Tunisian officials --including Ambassador Habib Bourguiba, Jr., in Washington-- have hinted that Tunisia might turn to the Soviet Union.

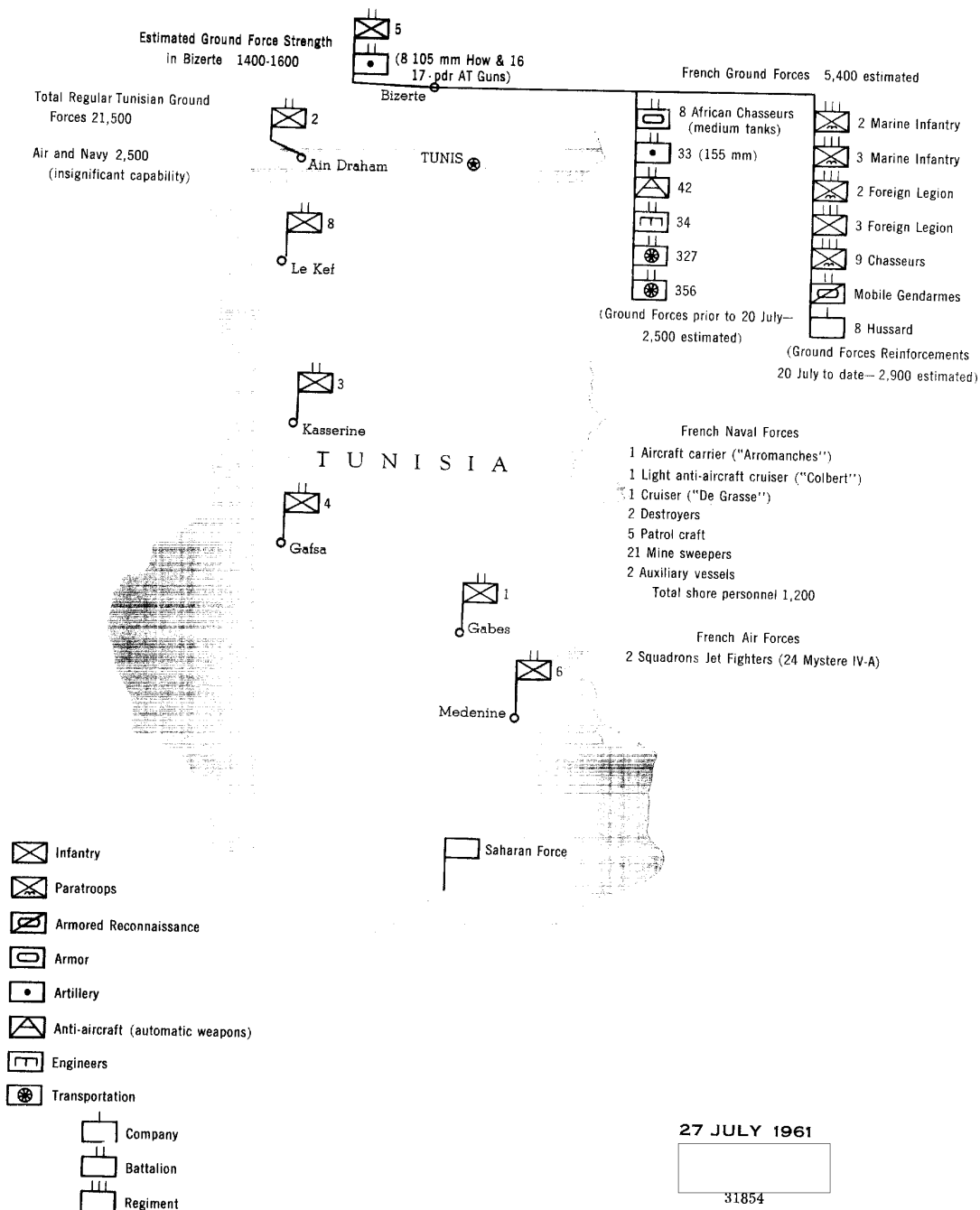
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The Bizerte crisis and Bourguiba's feeling that the West betrayed him at this juncture are expected to be reflected in a modification of his policy of pro-Western nonalignment, and anti-Western tendencies which Bourguiba has heretofore held in check are likely to emerge. Although he has sought to remain aloof from Middle Eastern entanglements and has quarreled bitterly with Nasir, he is now committed to resume full membership in the Arab League and to re-establish diplomatic relations with the UAR. Renewal of these ties, however, is not likely to eliminate wholly the suspicion with which Arab leaders generally regard Bourguiba and his aspirations

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to become a leading Arab and African statesman.

Algerian Support

Leaders of the provisional Algerian government (PAG) have made strong public statements condemning the "French aggression" against Tunisia, pledged Algerian solidarity with their Tunisian brothers, and implemented their 21 July offer of men and equipment to assist Bourguiba.

These PAG moves are, however, designed more to display solidarity and to establish a future bargaining position against Bourguiba's Saharan claims than to indicate a real intent to become embroiled in Bourguiba's struggle with the French.

PAG leaders disclaim prior knowledge of Bourguiba's intentions in forcing the Bizerte issue and privately are opposed to his actions and apparently not too displeased with the "thrashing" given him by the French.

Repercussions in France

Foreign Minister Couve de Murville on 24 July called the situation at Bizerte "very

serious." He noted some French officials feel that the "contrived" origin of the affair was not adequately reflected in the UN debate and that the image of a small country as the victim of aggression was allowed to blur Tunisian responsibility. Moreover, the airlift repatriation of Tunisian troops from the Congo in UN-chartered American planes appears to Paris as an example of France's friends' helping another country in an operation against France.

In addition to the dangers of renewed hostilities and to the rising international criticism of France's position, the Bizerte affair threatens to undermine De Gaulle's Algerian policy and France's close relations with its former colonies in tropical Africa. The US Embassy in Paris believes that domestic opinion is bound to question the futility of negotiating with the Algerians and to wonder about the value of a regime whose policy leads it into this sort of contradiction. Bourguiba's action has in effect forced De Gaulle to depart, at least temporarily, from his decolonization policy, which has been seriously criticized by army and civilian rightist opposition elements.

Meanwhile, there are further indications of the extent of military and rightist opposition to De Gaulle. Interior Minister Roger Frey told Ambassador Gavin on 19 July that he regarded the army as "the most serious problem" confronting France. This statement was made prior to the

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Bizerte episode, which the embassy believes has probably increased the number of officers willing to listen to rightist plotters who argue that Bourguiba, a supposedly "good" Arab, has demonstrated the essential untrustworthiness of Arabs in general and the danger of relying on any agreements with them, particularly with the PAG.

It is still not clear just how far the French are willing to go to meet the PAG demand for recognition of the territorial integrity of Algeria including the Sahara, but the PAG has consistently held that once this was recognized, it saw no major obstacles to a fairly rapid settlement.

According to the PAG, France has indicated a willingness to discuss the economic and joint exploitation of the Sahara to which the PAG had agreed, although it indicated it wanted to discuss the Saharan issue within the context of the question of Algerian sovereignty and territorial integrity. The PAG has reportedly regarded the French threat to exclude the Sahara from an Algerian settlement as a greater threat than partition and has indicated that it realized it must bargain to obtain sovereignty.

#### The French-Algerian Talks

The talks between the French and Algerians which resumed at Lugin on 20 July, though obscured by the clash over Bizerte, have continued despite initial fears that the Bizerte issue might provoke one side or the other to call another recess. Both sides, after some initial sparring, have apparently agreed on an agenda and a method of work. This agreement almost certainly is due to France's willingness to discuss the Sahara issue--it was discussed on 25 July and is scheduled to be continued on 27 July--which heretofore it has refused to do, maintaining that the Sahara was a question apart from any Algerian settlement.

The PAG maintains that "something can be worked out" on the question of guarantees for European settlers, but it in turn must have firm guarantees in the transition period and during a referendum, including curbs on the French Army and the "ultras," which it fears may again try to thwart De Gaulle. It adds that a de facto halt in PAG military and terroristic operations may be possible "if an agreement is in sight."

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Algerian rebel leaders say the threat to partition northern Algeria is a bluff which the French know could never be carried out. This ostensible dismissal of partition is probably more bluster than real conviction, suggesting that while the PAG will continue to stand firm on Algerian control of the Sahara, the threat of partition is prob-

ably exerting pressure on it to modify its position on other issues.

The PAG now reportedly intends to hold a meeting of the 62-member National Council of the Algerian Revolution (CNRA) in Tripoli in the first or second week of August regardless of the state of the talks. The CNRA meeting would require the attendance of most of the PAG negotiating team.

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## CUBA

Fidel Castro's speech, in which he announced the amalgamation of Cuban political, military, labor, and other regime-controlled organs into a single "united party of Cuba's socialist revolution," featured the two-day celebrations of his 26 July anniversary. He declared that the unity drive had started some months ago and still has not been finally concluded. The speeches of Castro and other regime leaders followed familiar lines and contained no surprises. The crowds assembled to hear the speeches on 26 July, estimated by the press to number 200,000, were smaller than those on some similar occasions in the past.

The new "unified" political organization has long been advocated by Cuba's Popular Socialist (Communist) party (PSP),

which has been the only effective political party in existence during Castro's two and one-half years in power. The PSP will probably control the new mass organization, and will probably also maintain its relatively small hard core as a separate entity.

The celebrations, which featured on 25 July the first public display of six of Cuba's newly acquired MIG jet aircraft, were publicly termed Cuba's "first socialist 26th of July" and were dominated by expressions of support from the Sino-Soviet bloc. Guest of honor Yuri Gagarin publicly pledged the "armed help of the Soviet people" in Cuba's "fight for freedom and independence."

There was no development on 26 July to justify the fears

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

that had been expressed in several other Latin American countries that pro-Castro agitators would use the Cuban anniversary to cause disturbances elsewhere in the hemisphere. There were, in fact, well publicized anti-Castro demonstrations among Mexican students and in Panama.

In addition to the presence in Cuba of Yuri Gagarin and special delegations from several bloc countries, the bloc's observation of the anniversary was made evident through messages of congratulation to Castro from Khrushchev, Chou En-lai, and other Sino-Soviet leaders. The messages contained the customary assurances of "friendship" with Cuba and included stereotyped pledges of "assistance" to the Cubans in the event of "imperialist aggression."

Cuban propaganda media reacted enthusiastically to the visit of Gagarin and other indications of Soviet "solidarity" with Cuba. One Havana broadcast stated: "We cannot forget that our victory of today and all victories of the Cuban revolution are the fruit and the genuine product of the great international revolution which started in October, which caused Russia to become the cradle of socialism, and which elevated the proletariat of the

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world and taught it the path of its redemption."

Although many foreign governments sent specially accredited delegations to Havana for the 26 July events, there is evidence that some Western nations refused to send representatives.

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Hundreds of Castro sympathizers and representatives of pro-Communist labor and political organizations from other Latin American countries were brought to Havana at Cuban expense to take part in the celebrations

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at least some of the delegates will remain in Cuba for a period of several weeks.

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## CONGO

Recent information from Leopoldville confirms that Gizenga's forces are making a strong showing at the current session of parliament, although they are not assured of being able to form a government. The past week has been highlighted by efforts by the Katanga leadership to break out of their political isolation by means of a rapprochement with Gizenga and the Soviet bloc.

The American chargé in Leopoldville reports that the situation in parliament is extremely fluid. A Gizengist has been elected president of the lower house, but a moderate has been chosen as head of the Senate. Although the Stanleyville group has demonstrated considerable strength, there are indications of rivalry between Gizenga and the head of his parliamentary delegation, Christophe Gbenye.

The senior UN representative, Sture Linner, has stated that he is concerned about the security situation in Leopoldville, in that General Mobutu on 25 July had demanded virtual operational control of Leopoldville airport. Linner fears that if things do not develop as Mobutu desires, he will endeavor to block the return of Gizenga's deputies to Stanleyville.

The American Consulate in Elisabethville has characterized Katanga strong man Munongo as "not bluffing" in his threat to deal with the Gizengists and the Soviets, even though any such rapprochement would be against his personal convictions. The reaction in Elisabethville to Munongo's demarche reportedly was one of regret that Western and UN pressures had pushed the Katangans to such extremes. There is, however, no information to confirm Munongo's claim of 24 July that Gizenga has replied favorably to a Katangan bid for

a rapprochement, or that the USSR had offered "peaceful aid" to Katanga. Belgian Foreign Minister Spaak has quoted the Soviet ambassador to Brussels as assuring him that the USSR would never support Tshombé or Munongo, and that it was continuing its unequivocal support of Gizenga.

Tshombé's exact status in Elisabethville remains unclear. Although the British consul has stated that he saw him on 22 July, at which time his health seemed improved, Tshombé has not made a public appearance since 11 July. The British consul quoted Tshombé and Munongo as reaffirming Katanga's willingness to attend parliament after a preliminary "summit" conference. While Tshombé's and Munongo's remarks suggest that they are in basic accord on policy matters, the Belgian consul general believes Tshombé has been stripped of considerable powers. There continue to be reports of unrest in the Katangan army.

Reports concerning Gizenga's possible attendance at parliament are contradictory. An American Embassy officer who visited Stanleyville reports that Gizenga's illness appears real, but that the Yugoslav, UAR, and Soviet chargés have all urged him to lead his parliamentary delegation in Leopoldville. Gizenga may be concerned about maintaining the security of his Stanleyville stronghold in the face of continuing friction with the Orientale and Kivu provincial governments and unrest in his army. Foreign Minister Spaak believes that unless Gizenga is satisfied with the "Gizengist" coloration of the new Congo government, he will simply continue his separatist regime in Stanleyville.

The past week has brought a considerable bolstering of the pro-Gizenga diplomatic

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contingent in Stanleyville. A chartered aircraft, flying in from Cairo, brought three Czech diplomats to reinforce the Czech Embassy in Stanley-

ville.

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## LAOS

The factions led by Boun Oum, Souvanna Phouma, and Souphannouvong have drifted further apart since last month when they reached agreement in principle at Zurich to form a coalition government. A new factor in the situation is the split that has at least temporarily developed between Souvanna and Souphannouvong over procedures for implementing a coalition.

Souvanna, who returned to Phnom Penh from Paris on 22 July, has invited Boun Oum and Souphannouvong to meet with him there to arrange the division of portfolios and designation of a premier preparatory to going to Luang Prabang to receive royal approval. Boun Oum accepted, but Souphannouvong is opposed to going to Phnom Penh on the grounds that since agreement in principle already exists, representatives of the three leaders can handle the details at Namone. Souvanna's stated reason for preferring Phnom Penh as a discussion site --his health--has some basis, since he is recovering from what apparently was a fairly serious operation performed during his recent stay in France.

Souvanna appears somewhat dismayed by this new show of

Souphannouvong's intransigence, which last March forced him to reverse an agreement reached with General Phoumi in Phnom Penh on the outlines for reaching a reconciliation in Laos. Souvanna undoubtedly is also disturbed by indications that his political lieutenants are coming increasingly under Communist influence.

Souvanna has instructed Quinim Pholsena, his freewheeling representative at Geneva, to conduct himself in a neutral manner. He is making arrangements with Air Laos and the French to acquire his own plane and pilot to lessen the dependence of his regime on Communist bloc transport. He is also in the process of organizing his own political party in Xieng Khouang, which will compete for support with the pro-Communist Neo Lao Hak Sat party. Nevertheless, his ability to take a meaningful independent stand is problematical.

Despite the Vientiane government's readiness to meet with Souvanna in Phnom Penh, it apparently is not yet reconciled to having him become premier.

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General Phoumi, who displays much more confidence now than at the time of the Zurich conference, apparently is in no

mood to make concessions. There seems to be little coordination in Vientiane on what strategy to adopt in the talks



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## CURRENT INTELLIGENCE WEEKLY SUMMARY

with Souvanna, which are still contemplated despite Souphanouvong's negative attitude. Phoumi, confronted by conflicting power interests in his own ranks, has remarked that he is having more trouble working out a position with his own government than he expects to have with Souvanna.

King Savang arrived in Vientiane on 25 July for discussions concerning formation of a coalition government and has agreed to accept full powers enabling him to appoint a new government without reference to the National Assembly. The assembly is expected shortly to pass an amendment to the constitution to give the King this authority. Savang, however, continues to resist Phoumi's importuning that he assume the premiership himself, realizing that the Pathet Lao would never accept such a solution.

The military situation continues to be characterized by scattered skirmishes, ambushes, and localized movements of opposing forces. Phoumi, unconvinced that a political solution can be found, is working on contingency plans for resumption of hostilities after the rainy season ends in November.

Phoumi, meanwhile, is engaging some of his forces in "anti-guerrilla" clearing operations, principally in Luang Prabang Province. Although these operations are still limited, the trend seems to be toward an increasingly large scale, involving several companies in

a single mission. A Pathet Lao broadcast of 21 July, quoted by Hanoi radio, complained that from 3 May to 30 June "rebel troops of the Savannakhet group" had occupied fifteen strong points of the "patriotic Laotian forces" in Vientiane and Luang Prabang provinces.

Although the Geneva conferees have reached agreement on the order in which various sections of the neutrality and control drafts will be considered, the Soviet delegation has maintained its position that it will withhold agreement to any item which would commit a future Laotian government on any aspect of neutrality obligations. In preliminary talks on the procedure to be followed by the conference, the USSR has maintained that in the absence of a single united Laotian delegation no agreement can be reached in a discussion of questions which involve the future course of action of the Lao government.

This stand is consistent with the bloc's contentions that the Zurich talks set the keynote for resolving all internal aspects of the Laotian situation and probably reflects the Communists' belief that by gaining acceptance in principle of this position, they will be able to restrict future conference deliberation on the substantive issues of control. The bloc's adamancy on this point also reflects optimism that future talks between the three princes will ultimately lead to the formation of a coalition government favorable to Communist interests and one which will stanchly refuse to accept any control mechanism over which it does not exercise a final veto.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## EAST GERMAN REGIME SEEKS TO DETER REFUGEE FLIGHTS

The flow of refugees to West Berlin during July has reached the highest rate in recent years, as an increasing number of East Germans have decided that they should flee now, rather than risk having access to Berlin denied to them at a later date. Between 1 and 26 July, 22,758 were registered at the West Berlin refugee center.

To counter the rising flow, the regime has resorted to additional police measures. On 21 July, the US Mission in Berlin observed a general tightening of police controls on the East - West Berlin sector border and at elevated railroad (S-Bahn) stations in East Berlin adjacent to the sector border. While these measures were probably intended to discourage attendance at the Evangelical Church's All-German Congress (Kirchentag) which ended on 23 July, they were also designed to cut the refugee flow into Berlin, and apparently continue in effect. Travelers arriving in West Berlin on 25 July via the Hamburg-Berlin expressway reported that they had been halted about 25 miles outside the city and requested to show their identity cards before proceeding.

In an effort to intimidate potential defectors, the East German regime has launched a propaganda campaign against the "slave trade" in refugees allegedly carried out by West German and American "head hunters" in West Berlin. Simultaneously they conducted a campaign denying reports of food shortages in East Germany.

In the opinion of Ambassador Thompson in Moscow, the USSR has been reluctant to sanction unilateral East German action to put an end to the refugee flow, because it is unwilling to advertise the weak-

ness of the Ulbricht regime, and believes that such action would weaken the bloc's position in negotiations with the West. Thompson believes that Moscow will make an early move for negotiations, hoping thus to reduce the refugee flow to tolerable proportions.

Refugees recently interrogated at West Berlin's Marienfelde reception center report that the East German population is irritated by long-standing political and economic grievances and current shortages of dairy products, fruits and vegetables, and potatoes. None of the refugees interviewed, however, was aware of any organized resistance group in East Germany, although some had heard of minor demonstrations in certain factories.

In rural areas, however, unrest and passive resistance among farmers--with resulting adverse effects on agricultural work--have increased. On 21 July, Ulbricht in a formal address at Markkleeberg, near Leipzig, formally reiterated the regime's commitment to full collectivization, but indicated that "persuasion," rather than overt coercion, was to be used to induce farmers to work collectively.

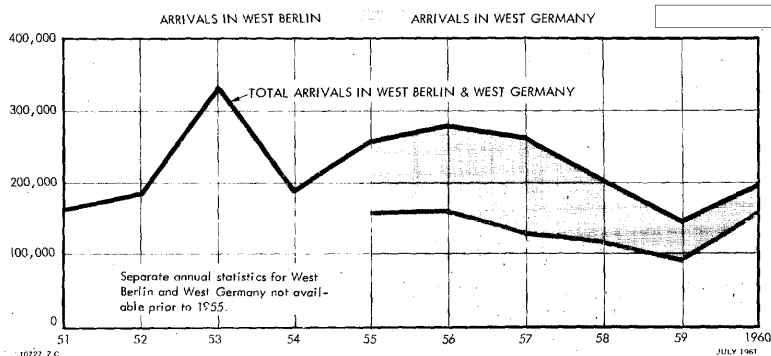
The refugee flow includes an increasing number of "border crossers"--East Berliners who work in West Berlin--a group against which the regime has imposed economic sanctions in an effort to force them into jobs in East Berlin or East Germany. Several "border crossers" said that they had been evicted from their apartments in East Berlin when they refused to give up their jobs in West Berlin. Flights of "border crossers," which had ranged from 22 to 24 a week in June and early July, jumped to 60 in the week ending 15 July and to 181 last week. The regime nevertheless is intensifying its

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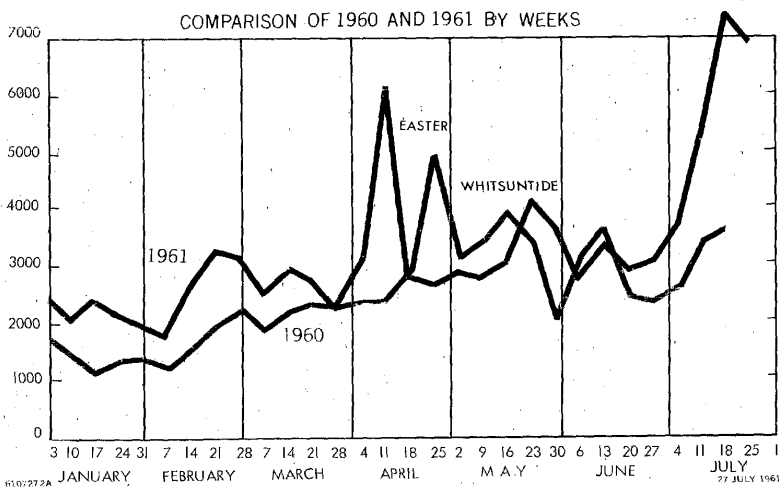
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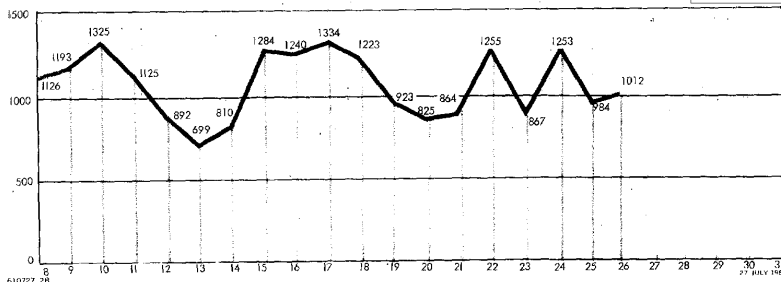
campaign against such elements. Potsdam District has fallen into line in imposing economic sanctions against "border crossers." Reportedly there have also been some arrests on charges of "smuggling."

**REFUGEE FLOW INTO WEST BERLIN AND WEST GERMANY**

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**WEST BERLIN REFUGEE TOTALS**

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**DAILY TOTALS SINCE 8 JULY 1961**

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## FURTHER SOVIET ARMS AID FOR INDONESIA

As a result of negotiations held in Moscow in early June, Soviet military assistance commitments to Indonesia have been increased more than \$75,000,000, raising the total since mid-1960 to over \$600,000,000. The increase is accounted for in part by the USSR's agreement to provide surface-to-air missiles to the Indonesian Air Force and by a large rise in expenditures for training. Equipment contracted for earlier this year has begun arriving in Indonesia; two TU-16 jet medium bombers were ferried from the USSR in late June and additional deliveries will probably be made shortly. A shipment of MIG-19 jet fighters along with other arms and equipment may be delivered by the end of this summer.

In addition to surface-to-air missiles for several battalions under the new agreement, the air force had previously arranged for six of the 20 TU-16s it is to receive to be equipped with air-to-surface missiles and for the 20 MIG-21s

--on order for 1962--to be armed with air-to-air missiles. The army also is scheduled under the original agreement to receive missiles, probably surface-to-air, for three battalions; and the navy has contracted for 12 motor torpedo boats which are to be equipped with surface-to-  
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surface missiles.

new contracts negotiated by the army, including one for 15 K-61 tracked amphibians, raise its total purchases from the USSR more than \$30,000,000 to a total of \$122,000,000.

The latest agreement brings Sino-Soviet bloc military assistance to Indonesia to over \$830,000,000; over-all economic assistance from the bloc totals more  
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than \$540,000,000.

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## BLOC ACTIVITIES IN WEST AFRICAN CIVIL AIR SERVICES

Aid for the establishment and operation of national commercial air services is becoming an increasingly important facet of the bloc's activities in West Africa. Such aid provides a further opportunity for the bloc to identify itself with the nationalist aims of new African governments and at the same time enables bloc nations to enhance their prestige over a wide area of the continent. Soviet- and Czech-made aircraft, familiar to Africans through their participation in the Congo operation, are now, or soon will be, the major if not the only aircraft operated on air lines in Guinea, Ghana, and Mali. In each of these

countries, recently established public air lines are displacing services formerly provided by the British and French.

The IL-18 turboprop, which has a capacity of from 75 to 100 persons, and the IL-14, with a capacity of about 24 persons, are the principal passenger planes being supplied to Africa by the bloc. At least 12 IL-18s and 7 IL-14s have been contracted for by the three West African states. Other smaller aircraft being supplied include the AN-2 biplane (used primarily for crop spraying) and the MI-2 helicopter. Credits totaling

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over \$21,000,000 have been extended by Czechoslovakia and the USSR for these purchases.

Other types of aircraft may soon appear in Africa. Ghana is reported to have contracted to purchase the AN-12 turboprop military transport for use in carrying commercial cargo. It is also rumored that the Ghanaian officials accompanying President Nkrumah on his current visit to bloc countries are prepared to discuss the purchase of jet passenger planes if negotiations with the West for such aircraft fall through.

Probably the most significant long-run feature of the bloc program is the provision of training facilities. Over 125 nationals of Guinea, Ghana, and Mali are training in the bloc and reportedly will be ready in two years to take over operation and maintenance of their country's newly acquired aircraft. In the interim, the bloc is providing both ground and aircrews for each of the planes delivered. An estimated 150 such bloc technicians are now working in West Africa, and more are scheduled to arrive soon.

The greatest concentration of bloc aid for civil air lines has been in Guinea. Last year Czechoslovakia extended that nation a \$2,000,000 credit for the establishment of Air Guinea, including the purchase of four IL-14s. These Czech planes, plus two Soviet-built IL-18s, all operating in Guinea, form the nucleus of Guinea's air line. Four Czech experts, one the director of Air Guinea, are in Conakry managing the line. Moreover, the USSR has provided a \$2,100,000 credit for enlarging and modernizing the airport facilities in Conakry and has sent some 20 technicians to the city for this purpose.

Recent developments indicate that in the future Mali may be a center for bloc civil air activities in Africa. After the evacuation of French military personnel next month the USSR reportedly expects to use the airport at Bamako as a central base for the maintenance of bloc aircraft in West Africa. The center presumably will service not only bloc-built aircraft owned by Air Guinea, Ghana Airways, and Air Mali but also planes of the Czech and Soviet airlines during their flights in the area.

About 50 Soviet technicians are expected to arrive in Bamako in the next month to begin this operation. Such a facility in Africa would be of great value--particularly for servicing IL-18s, which now must make frequent trips back to Moscow for engine overhaul. The Czechs had hoped to take over the operation of the control towers at the airport, but final agreement on this arrangement is in doubt. A Czech has recently been named special assistant for Malian civil aviation with full responsibility for all civil air affairs including Air Mali.

In March, Mali contracted with the USSR to purchase two IL-18s, three IL-14s, an unknown number of AN-2s, and some helicopters. Czechoslovakia last month extended a special credit of \$2,500,000 to Mali, about \$1,000,000 for the purchase of planes and \$1,500,000 for air training.

Ghana has purchased eight IL-18s from the USSR, six of which have been delivered and are now operating in Africa. In addition, Moscow earlier presented Nkrumah with a gift helicopter. Although the airport at Accra continues to be managed by a BOAC employee, the bloc's influence there is predominant--about 100 bloc technicians are employed to service aircraft acquired from the USSR.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****SOUTH KOREA'S ECONOMY**

A paucity of natural resources, severely limited export potential, and lack of managerial and technical personnel will handicap efforts by the South Korean military regime to promote political stability by satisfying widespread expectations for improved economic conditions.

A two-month campaign by the ruling Supreme Council for National Reconstruction (SCNR) to eradicate corruption and profiteering has led to the ouster of 20,000 of the country's 240,000 civil servants, and another 20,000 are expected to be dismissed. Seventeen leading businessmen, the core of the nation's industrial and financial leadership, have been arrested for illegal accumulation of wealth--calculated at more than \$30,000,000--through tax evasion, misuse of bank loans, and political kickbacks. Thirteen of those arrested were released after they offered to surrender to the government all their assets, including industrial facilities. It is still uncertain whether the SCNR will take over these facilities.

The moves against businessmen and a decree limiting interest rates on loans to 20 percent per annum have resulted in industrial, commercial, and fi-

nancial stagnation. This decree, designed primarily to protect farmers against exploitation by money lenders, has made farm credit scarce. The SCNR has not improved the employment situation; approximately 25 percent of the labor force is out of work.

As a long-term solution, the SCNR has drafted a five-year economic development program calling for the establishment of an industrial base which would include cement manufacture, oil and steel production, and oil refining--all requiring heavy imports of raw materials. More immediately, the SCNR is launching a series of spending schemes to assist the farmer, increase the pay of civil servants, raise veterans' benefits, expand public works projects, and finance a mass political organization.

There are signs the government spending program is restoring some confidence within the business community and that some economic revival is under way. At the same time, however, despite governmental economies, which include a cutback in defense expenditures, there are not enough funds to finance the official programs. In all probability the SCNR will have to resort to deficit financing, with a consequent resumption of inflation.  25X1

**NATIONALIZATION IN THE UAR**

On 23 July, on the eve of the ninth anniversary of the Egyptian revolution, President Nasir issued five economic decrees with the avowed purpose of "furthering the country's

socialist policy." The decrees reflect Nasir's intention to avoid doctrinaire socialism while moving toward his concept of a "socialistic, democratic, cooperative society."

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In Egypt and Syria, 149 companies and organizations of "a national character" were completely nationalized. These include all banks and insurance companies, both foreign and locally owned, and most transport, timber, cement, metal, and some chemical and fertilizer companies. Payment for seized property is to be in the form of long-term government bonds. Another decree calls for the government to have majority capital participation in an additional 91 companies in both regions, including at least one Western-owned oil company (Anglo-Egyptian Oilfields Ltd.) in which British interests predominate.

In addition, the maximum individual capital participation in a list of 159 specified industries is limited to about \$29,000. This is designed chiefly to break up large enterprises owned by wealthy Egyptians. Other regulations set limits on profits, order 25 percent of profits distributed among the workers, and institute a sharply graduated income tax. Other decrees issued two days later limited individual land ownership in Egypt to about 100 acres --about half the amount allowed under the 1952 land reform program. Thus agriculture continues to be based on the small family farm, but is increasingly being molded into a state-dominated cooperative pattern.

Earlier decrees had nationalized the cotton trade with other countries, as well as the concerns handling most other imports and exports. While companies with interests held by nationals of other Arab countries and other foreign nationals were

affected, American firms were excepted.

Some impetus for the decrees probably stems from Nasir's desire to eliminate sources of political opposition, but his basic motivation appears to be economic. The UAR President probably has been heartened and emboldened by the economic as well as the political successes of the revolution. His regime has halted the the economic decline which had characterized the Egyptian economy since shortly after the turn of the century. Production in all sectors has increased substantially, and, despite limited resources and a burdensome population increase, per capita gross national product has been rising.

The goals of the UAR's economic plans have been deliberately set high, however, and even with substantial foreign aid--both Western and Communist--success requires a complete marshaling of domestic resources. The UAR planners evidently felt that providing the economic incentives necessary to ensure full participation by the private sector would be too costly or only partially successful. Although the Egyptian and Syrian business communities had long expected Nasir's action, the suddenness of its execution probably stunned and angered both groups. Some opposition can be expected, particularly in Syria, but this is not likely to be translated into effective action. In addition, the government's success in previous economic moves suggests that reaction to the latest decrees will have little or no negative effect on the country's economic development.

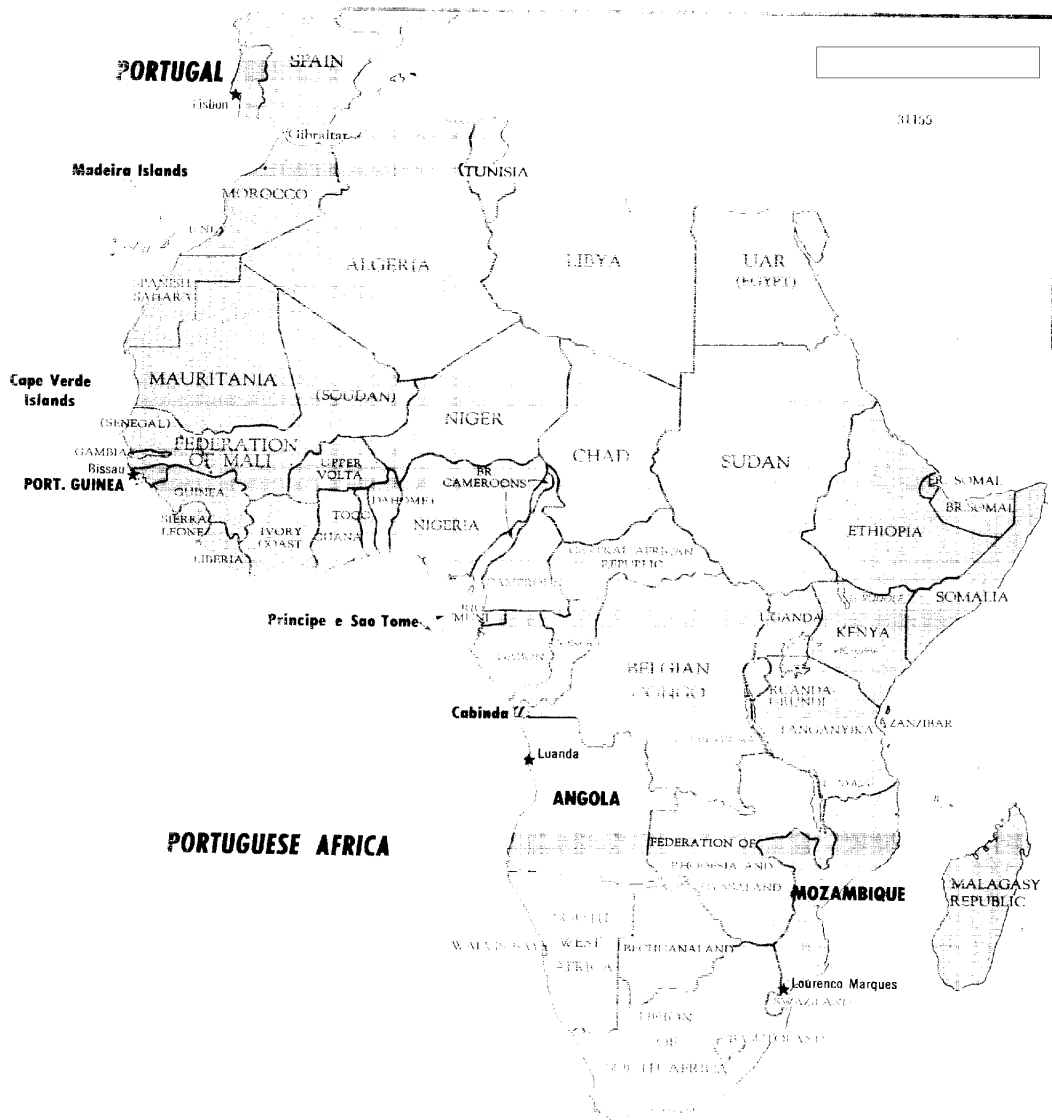
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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****PORTUGAL'S AFRICAN DIFFICULTIES**

Portugal's continuing difficulties in Angola are emphasized by its recent decision to raise troop strength there to double the number considered necessary in May. In Portuguese Guinea, armed clashes have occurred recently between Lisbon's troops and nationalist

insurgent elements based in Senegal, which on 25 July severed diplomatic relations with Portugal. If the disorders in Portuguese Guinea become widespread, Portuguese criticism of the United States for "encouraging" African self-determination can be expected to reach new heights.



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The failure of Portuguese forces to bring the five-month-old Angola rebellion under control has led to reassessments in Lisbon. In mid-May, Colonel Arriaga, then under secretary of air, told the US Embassy the rebellion would be crushed by early September, a date which now appears to have been overly optimistic.

The chief of staff of the armed forces has gone to Angola to step up pacification efforts before the September rainy season permits the rebels to intensify guerrilla activity. Portuguese troops are to be reinforced from the mid-July level of about 26,000 to a strength of 40,000. The air strength build-up reportedly includes 12 British-made helicopters recently purchased in West Germany and 12 jet fighter bombers.

Foreign Minister Franco Nogueira told the UN subcommittee chairman on Angola last week that he would provide the chairman with well-documented evidence that the UN troops of Ghana and India trained, armed, and supplied the terrorists in the lower Congo. Nogueira warned that Portugal might find it necessary to cross over into the Congo to stop the interference at its source.

Portugal has given the subcommittee chairman access to some records in Lisbon, but Salazar told him on 21 July that the subcommittee would not be allowed to visit Angola. Nogueira told the British ambassador it would be allowed to enter when UN subcommittees got

permission to visit Hungary and South Africa. The subcommittee is currently drafting its report, although the chairman believes that it cannot produce a "realistic" report without going to Angola. The possibility of another Security Council meeting or even a special session of the General Assembly will be increased by the submission of a negative report from the subcommittee.

Senegal-based elements of the Portuguese-Guinean nationalist movement clashed with Portuguese forces near the border with Senegal on at least three occasions since 18 July. Senegal, claiming violations of its air space and other "illegal activities" on the part of Portugal, broke diplomatic relations with Portugal on 25 July. Lisbon had anticipated trouble in Portuguese Guinea for many months but had expected that border incursions would come from the Republic of Guinea, since Sekou Touré admits expansionist designs. If extensive terrorism does break out in Portuguese Guinea, anti-US attitudes in Portugal--already widespread among officials and the public--will be intensified.

The Lisbon press has taken its cue from Premier Salazar's address to the National Assembly on 30 June in which he complained that the US stand in the UN encouraged African nationalism. Ambassador Elbrick reported on 7 July, "There is no question but that the US is now identified as public enemy number one." This attitude presages difficulty for renegotiation of the Azores bases agreement, which expires at the end of 1962.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## EUROPEAN HEADS OF GOVERNMENT MEETING

After two years of dispute over various aspects of De Gaulle's proposals for a European "confederation," the Common Market (EEC) countries have submerged their differences sufficiently to announce agreement on measures designed to strengthen their political ties. Meeting in Bonn on 18 July, the EEC heads of government issued a kind of manifesto reaffirming political unification as their explicit goal and setting up regular "summit" and ministerial meetings as a step in this direction. The six leaders also instructed an existing committee to develop a European "statute," or constitution, and to examine other measures intended to promote political integration.

This agreement is in many respects a victory for De Gaulle; Paris is elated, and Brussels and The Hague--which have been most suspicious of De Gaulle's views--are accordingly depressed. However, a number of observers believe that both De Gaulle and his opponents have given ground. The Dutch, for example, who steadfastly opposed consideration of defense issues in a six-nation framework, have now agreed to participate in future "little summit" meetings with an unrestricted agenda. The French for their part have agreed to an institutional and constitutional approach to the problem of political cohesion, and pro-integrationists generally take comfort that the EEC's parliamentary assembly has been invited to extend its deliberations to the political field.

The unresolved relationship between the proposed new instruments of policy coordination and existing EEC institutions, and with NATO in particular, is apparently causing the most concern in the Benelux countries. According to various accounts of the Bonn meeting, De Gaulle still seemed disposed to transfer some EEC functions, such as joint policy toward Africa, to the new institutions, although he apparently retreated under strong opposition.

De Gaulle cut short his much-heralded presentation on European defense because, he said, the Berlin crisis made a general defense review inopportune, but there was reportedly some disappointment and alarm over his long-range intentions.

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De Gaulle spoke of the necessity of giving military planning a "more European orientation" and minimized the US role in Europe's defense.

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Given these suspicions, it seems likely that the forging of political links among the EEC countries will continue to proceed slowly and laboriously, even though aspects of the De Gaulle "confederation" now appear an established part of the European scene. French officials themselves acknowledge that the "battle between the confederalists and the integrationists" is still unresolved

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### CURRENT INTELLIGENCE WEEKLY SUMMARY

and that the drafting of the European "statute" is certain to be a lengthy process.

Adding to the uncertainty is the prospect that London will ask for and eventually obtain some voice in what this "statute" should look like. All six EEC leaders joined in declaring at Bonn their "desire" that other European states

participate in the European communities and in the process of political unification--a "desire" which London is believed preparing to test. Macmillan has promised a parliamentary statement on Britain's intentions toward the EEC on 31 July, and in preparation for it has called a meeting of the Outer Seven for 28 July.

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### BRITISH LABOR PARTY TRENDS

A substantial shift in trade union voting on the issue of unilateral British nuclear disarmament now assures endorsement of Gaitskell's pro-NATO policy by a large majority at the party conference this fall. Five of Britain's six largest trade unions--comprising about 60 percent of the total union membership and a majority of the party conference vote--are now on record in support of Gaitskell's policy, with three of them having revised their stand this year. Only Frank Cousins' Transport and General Workers Union maintains support for unilateralism. The American Embassy in London cites the shift in the position of even many small left-wing unions as an indication of the "astounding" improvement in Gaitskell's position in the party within the past few months.

Gaitskell has indicated to US Embassy officials that he may still have trouble at the conference on the related issues of American nuclear bases in Britain and the basing of Polaris missiles in British waters. Several unions which

now support the official defense policy continue to demand "an end to the need" for the bases, and left-wing Laborites are emphasizing this in their continuing campaign to undermine Gaitskell's position. Gaitskell told a US official in May that party leaders are being deliberately vague in their public statements on those issues. Party neutralists have also begun to exploit the Macmillan government's announcement on 12 July that--as a result of a NATO decision--a German tank battalion will receive three weeks' training in Britain this fall.

The growing sentiment for Labor party unity comes at a time when Britain's worsening economic situation has brought the first substantial decline in public support for the government since the 1959 general elections. This could be the decisive factor in persuading the Labor rank and file to accept Gaitskell's plea that this year's conference be as free as possible from controversy so that the British public may see the party as a cohesive organization capable of forming a government.

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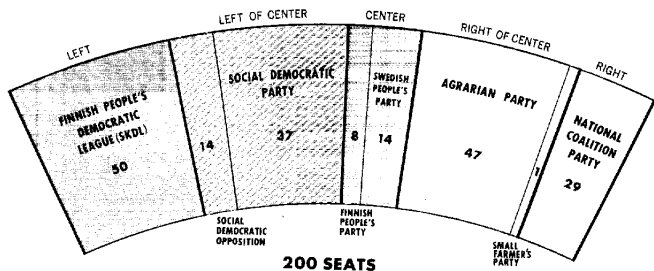
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## NEW AGRARIAN GOVERNMENT IN FINLAND

Premier Miettunen's minority Agrarian government, formed after a reconvened parliament proved unable to agree on a coalition, contains six members

## FINNISH DIET



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not in the previous cabinet but will probably pursue the same policies, particularly in seeking to reassure the USSR of Finland's strict neutrality. The new cabinet is generally expected to serve until the mid-1962 parliamentary elections.

The cabinet crisis was precipitated by Prime Minister Sukselainen's resignation following his conviction by the Helsinki Court of Appeals for "careless and illegal discharge of duties" as general director of the National Pensions Institute. Parliament, called back from its summer recess on 11 July, negotiated for several days regarding a broadened government and ended by reconstituting the Agrarian cabinet which has been in office since January 1959.

President Kekkonen apparently continued to oppose including the Social Democrats in view of the cabinet crisis in 1958, when Moscow expressed its dislike of certain Social Democratic and Conservative ministers in the Fagerholm government by overpowering economic pressure. The minor democratic parties such as the Liberals and the Swedish People's party--presumably with an eye to the parliamentary election in mid-1962 as well as to next February's presidential election--evidently had no desire to share governmental responsibility with the Agrarians in the meantime.

The new premier, Martti Miettunen, has been governor of Lapland since 1958. Untainted by the Sukselainen scandal, he is said to enjoy the confidence of many political groups and has participated in several previous cabinets, including Fagerholm's majority coalition in late 1958. The five other new ministers include Defense Minister Lars Bjorkenheim, who held that post for a few months in 1958. One of the nine continuing members of the government is Ahti Karjalainen, President Kekkonen's close associate who became foreign minister in June following the death of Ralf Torngren. As former minister of trade and industry in the Sukselainen government Karjalainen was largely responsible for negotiating with the USSR on Finland's accession to EFTA.

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**CONFIDENTIAL****CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****LONG-TERM ECONOMIC PLANNING IN THE USSR**

The USSR's long-awaited 20-Year Plan for economic development apparently is to be published on 30 July as part of the new draft program of the Communist party of the Soviet Union. The draft was approved by the central committee on 20 June and is to be published for discussion prior to its presentation to the 22nd party congress in October. The 20-year goals, on which Soviet planning agencies have been working since 1959, will embody the regime's desire to catch up with the US economically and to achieve the state of communism originally conceived by Marx and elaborated upon subsequently by Soviet ideologists.

Creation of the long-range plan, however, was rooted in objectives not directly connected with the transition from socialism to communism. It stems from a long-felt need for a systematic program to guide long-range development and a more recent concern for the economic inefficiencies attributed to the lack of continuity in previous planning practices.

Extension of the planning period to 20 years reflects the frequently expressed optimism of the Soviet regime in regard to its general economic situation and suggests confidence in the country's ability to fulfill the plans at least for the next five. Long-term goals, however, can at best be only imperfect guidelines since even monthly, quarterly, and yearly plans must be constantly reappraised and readjusted to changing conditions and policies. New technology and new resources can justify upward readjustments. A crash program--the housing program, for example--can result in the necessity to lower less urgent

goals. By developing better planning techniques and better indicators of economic growth, Soviet planners hope to make their long-range goals more concrete, better coordinated, and more likely to be attained.

The Soviet 20-Year Plan will become the general framework for coordinated industrialization plans within the entire bloc. This coordination is to be achieved through CEMA, the bloc's Council for Mutual Economic Assistance, which since 1957 has increased its efforts to encourage the satellites to develop complementary economies. It recently began preliminary consultations on long-term planning for area-wide economic development through 1980.

**Background**

Long-range plans in the past have been limited to individual and largely uncoordinated goals for a few major products or, at most, a few key sectors of the economy. The first long-range plan, worked out under Lenin's direction in 1920, provided 10- to 15-year goals for about 15 industries. The State Planning Commission (Gosplan) was created in the following year, and the long-range plan soon was overshadowed by current problems. Further evidence of long-range planning was not noticeable, except in a few isolated instances, until 1946 when Stalin presented goals for the so-called "leading links" of industry which were to require three or more five-year plans for fulfillment.

Major attention to long-range goals was not evident again until mid-1955, when annual planning was assigned to a new agency (Gosstatkomissiya), and Gosplan was given

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responsibility for 10- and 15-year plans as well as the more traditional five-year plans. Soviet leaders in February 1956, apparently armed with the results of Gosplan's new long-range planning, appeared at the 20th party congress with the theme of catching up with the West. The trouble encountered by the Sixth Five-Year Plan (1956-60), however, which was replaced in 1958 by the current Seven-Year Plan (1959-65), again focused attention on current problems until November 1957 when Khrushchev revealed 15-year goals for steel, petroleum, electric power, and cement.

Earlier in 1957, in a speech to the Supreme Soviet on the industrial reorganization, Khrushchev had laid the groundwork for elevating long-range planning to something more than just a few loosely coordinated goals. He called upon Gosplan to draw up, in addition to annual and five-year plans, long-range plans which would provide the correct correlation of development among the various branches of the economy and regions of the country. On this occasion also, in attacking the lack of continuity from one plan period to the next, Khrushchev established the basis for the present treatment of annual plans as segments of five-year plans and five-year plans as segments of still larger plans.

Although Gosplan is known to have done some work on 20-year goals during 1959, a handful of goals for 1975 and 1980 which were revealed by the deputy minister of construction of electric power stations in March 1960 did not appear to be especially well coordinated. While repeated references to the 20-year plan have appeared since early 1960, none has furnished substantive details.

Long-Term Planning Organs

In April 1960, responsibility for long-term planning was switched from Gosplan to Gosekonomsovet, an organization which had been created a year earlier and which up to that time seemed to have worked only on the coordination of economic research. Gosekonomsovet, together with the union republic ministries and departments, elaborates five- and seven-year plans as well as longer range plans. Gosplan's "summary" sections, such as National Economic Plan, Balances and Material-Technical Supply, and Labor and Wages, were transferred to Gosekonomsovet. Gosplan retained only those sections--primarily industrial branches--needed for short-term planning.

In May 1961 the Soviet press announced that a network of 17 economic areas had been created. Each area is apparently to have a council for "planning and coordination," presumably subordinate to Gosekonomsovet--which will have as its primary task planning for two- and three-year periods. The regional councils will also plan and coordinate long-range economic development at the regional level--an administrative level not adequately covered previously. They are to formulate proposals for the basic direction of economic development in their respective areas, for new technological developments and their effective introduction into production, for the correct distribution of capital investment, and for better use of labor and natural resources. These new economic areas replace 13 areas which formerly were used by Gosplan for planning purposes.

Continuity of Planning

While the planning changes suggested by Khrushchev in 1957

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have been slow to materialize, some progress has been made toward carrying out his suggestions to remedy the lack of continuity in planning. The lack of continuity affects the industrial process at all levels, because when planning is on a year-to-year basis, work schedules are disrupted, supplies of equipment and labor are uncertain, and enterprise directors are forced into a state of suspended animation at the end of the year awaiting control figures for the coming year. If planning for construction of a chemical plant, for example, were merely on a yearly basis, untold delays might result because equipment for it was not ordered sufficiently far in advance.

In 1959, with the introduction of the Seven-Year Plan, the timing of the planning process was shifted to provide enterprises with approved plans at the start of the annual plan period rather than some months after the plan period started, as frequently had happened in the past. The Seven-Year Plan was divided into annual segments, each of which was supposed to require only a few revisions to make it operational. Nothing more was done toward achieving continuity, although the USSR Council of Ministers examined the problem in December 1960 and decided that if the planners began working out each year the main indicators of the annual plan for the fifth year following, the economy could have a constantly functioning five-year plan.

Apparently the task of transforming annual segments of the present Seven-Year Plan into fully detailed, operational

plans has proved to be a greater chore than envisioned, or perhaps the unrevised segments for forthcoming years have not provided enough guidance to give the desired continuity in annual plans. In any event, a high-level planning conference in March 1961 recommended that at all planning levels, adjustments should be made in the annual segment two years before the year in which the segment become operational. The conference continued to call for planning agencies to work out each year the major indexes for production and capital construction for the fifth year following. Apparently unwilling, however, to recommend the abandonment of the traditional five-year plan, the conference also recommended that midway through such a period work should be started on the next five-year plan.

The planning process which will result from these changes and recommendations will be a complex one. The formal 20-Year Plan will presumably incorporate four five-year plans each consisting of five annual segments. General planning for five years ahead will be carried out each year and at the same time the details will be set and adjustments made for two years ahead. For example, in 1966 planners will be working on the control figures for 1971 and the detailed outline of the plans for 1967 and 1968.

Adoption of these practices should avoid some of the problems which have caused a lack of continuity in the past. Their effect on the over-all quality of planning, however, is debatable, and clearly the work of planning organizations will be considerably expanded.

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### TRENDS OF OPINION IN THE SOVIET YOUNGER GENERATION

Soviet youth, as depicted in current Russian literature, in the main accepts the political and social system which it has inherited but is unresponsive to the creed on which the system is based. The philosophically minded are concerned with finding a more satisfactory reason for existence than is offered in the slogans of the Communist party. Others are increasingly frank in demanding material benefits now, in place of the vague rewards of the Communist future. In an effort to deal with this unresponsiveness the regime has sought to increase discipline among the youth by raising requirements for labor training in the educational system. Further, Komsomol activity has been stepped up. But neither of these actions seems to have strengthened youth's allegiance to official party goals.

Despite Khrushchev's chastisement of Soviet writers in 1957, the nonconformist authors have continued to try to expand the province of Soviet literature. Obedient to Khrushchev's injunction to leave fault-finding to the party, they have, in the main, ceased writing the exposés of Soviet life in fictional form which enlivened the literature of the early 1950s, and have shifted their efforts to understanding and describing their fellow man.

The regime has long demanded that writers concentrate on inspiring enthusiasm for the socialist system and "educating" readers to conform to its requirements. Efforts to move beyond the individual's public duty to the state and portray his private emotional life are regarded at best as a waste of the state's resources and at worst as subversive. Nevertheless, this private emotional life preoccupies the most promising of the young Soviet writers,

both because of their own inclinations and because of the enthusiastic response of their readership.

In the face of harsh strictures from critics, the continued appearance of such subjective works in major literary magazines suggests the existence of a receptive readership as well as of editorial boards anxious to increase circulation. Moreover, their popularity appears to infect even the more conformist writers. The more lifelike characters with which the conformists have attempted to meet the challenge of the nonconformists are often inadvertently as revealing of Soviet attitudes as are the work of their rivals. Together, the two groups of writers present a picture of an important element of Soviet youth as it sees itself.

This picture, however, does not encompass the large mass of conformists who accept the system as they find it and learn to live with it. Nor does it reflect the extreme nonconformists whose ideas, too unconventional for public print, occasionally circulate in handwritten manuscripts or in small groups of trusted friends. What it does portray is a middle group of bright young people from whom the future leaders will probably be drawn, and to the regime's obvious concern, this group apparently is failing to respond to the dream of a Communist future.

#### Search for Life's Meaning

Within this group, Soviet youth accepts the system it has inherited, but apparently finds the accompanying creed sterile. It is deeply concerned with finding a reason for existence.

Considering the regime's 40 years of militant atheism,

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religion surprisingly often is suggested as a possible answer. Frequently, it appears as an early hope which later fails. In Save Our Souls\* by B. S. Lvov, a son, grief-stricken at the loss of his father, searches for the meaning of life. After the failure of his school and of a well-meaning but doctrinaire aunt to help him, he enters a theological seminary but is disillusioned there also. In the end he is "rescued" by the Komsomol. However, the author makes no pretense that the Komsomol can provide him with the answer to his question.

Occasionally, religion turns out to be the answer. In The Torch a "good" character is revealed as an able student and much-decorated hero of World War II who entered the priesthood on his discharge from the army. "Among the partisans I saw a priest. He fought and died like a soldier. He knew just what to say to people. After all I have seen during the war, I too came to know what to say to people; I came to understand what it was they needed most--comfort, that is, faith. And now I am needed."

Many other writers portray the same search without reference to religion. The 18-year-old of V. Nikitin's Thaw Lands goes to the remote polar regions to "build communism." He is soon disillusioned: "What common cause am I serving? What new life am I building? I am simply digging trenches.... Is this what I dreamed of, what I am meant to do with my life? Why did I study for ten years?.... It begins to appear that I shall never understand why I am living.... It is becoming awful."

\*All novels, short stories, and plays cited here, with the exception of "Continuation of a Legend," have been published within the last two years.

In The Difficult Test by N. Dubov, another youngster is repelled by the deceit and injustice in the factory. He is also shaken by the cynicism and greed of a prominent party member's son. "Greenhorn! Are you trying to convert me? You needn't. I know more about communism than you do. They are still constructing it, but I have already reached the Communist stage--I receive according to my needs. Work! Do you think I am a beast of burden--a donkey?"

In his search for a faith, the "greenhorn" receives understanding and sympathy from a Baptist worker: "The young don't know what to do with themselves. Their daily bread is assured, but that isn't enough. Having fed the body, man strives to feed the soul, but he finds no spiritual food, so he wanders in the darkness of crude sensual pleasures. It is impossible to quench spiritual thirst. And this thirst dries man out, makes him callous and indifferent to others."

Attempts by the conformist writers to fulfill this spiritual thirst often appear awkward. An experienced party leader in Vasily Aksenov's Colleagues is asked: "What are those glittering heights (of communism)? They're too abstract." He dreams of the future of his small town in the icy northwestern USSR: "Soon the small town will become the big town of Kruglogorsk. Our children will drive their motors with atomic energy. And so an endless chain of progress will reach forward into the future; bright houses with enormous windows will be reflected in the warm waters of the lake, palms will wave their branches, and glass automobiles will speed back and forth over broad white highways."

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Another writer, climaxing the story of a sea captain, found the reason for his continued existence in the need of his ship to transport a record load of caviar.

The Individual

A large group of stories is devoted to probing man's mind, describing relationships between individuals without attempting moral judgments. Yuri Kazakov in The Apostate presents a buoy-keeper on the river, a braggart, drunkard, and loafer, who has a beautiful voice. Visiting travelers, listening to him sing, "forget his roughness and stupidity, his drunkenness and boastings, the long journey behind them, and their fatigue." For the singer, however, the point of existence is not the pleasure he can bring others, but singing itself. The author's assertion of the validity of being, regardless of contributions to society, is reminiscent of Hemingway's Old Man and the Sea, which has enjoyed extraordinary popularity in the USSR.

Other Values

The search for the meaning of life has led to a re-examination of other values beyond the simplified Communist code of contribution to the state. In Nihilist a young poet, Yevgeny Yevtushenko, contrasts a youth who dressed in narrow trousers, liked Picasso, and daringly read early Hemingway, with the "honest production workers" who called him a nihilist. The youth dies rescuing a comrade and the poet asks which was the nihilist.

Vladimir Tendryakov's Court of Justice contrasts the efforts of three men to clear their consciences with a

socialist court of law which is swayed by political influence and willing to convict the innocent in order to clear court records.

Skepticism

The Komsomol daily newspaper recently complained that the schools, by failing to "explain the contradiction between what is written and what is seen in daily life," are breeding "cynics, hypocrites, and demagogues." In The Difficult Test an old worker tells the questioning hero, "Brother, you have to work out everything with your own mind. Otherwise, they will tell you today that a thing is white, you will believe them, and tomorrow that the same thing is black and again you will believe them.... Or worse still, you will no longer believe anyone. And that is the end of everything when a person does not believe in anything."

A newly graduated doctor in Colleagues protests: "If only you knew how sick I am of all that cant, all those high-sounding phrases. It's not only the vast multitude of idealists like you that uses them, but just as vast a multitude of rascals. Beria probably talked like that to deceive the party. Now that our eyes have been opened, that blab doesn't go. Let's do without it. I love my country and all it stands for and would give my life, legs, arms for it without flinching, but for that I answer only to myself, to my conscience, and I don't need any cheering on. It only confuses a person."

This frank skepticism sometimes extends to the Communist party itself. In Aleksandr Shteyn's Ocean, a character explains why he does not join the

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party: "I want to say yes when I think it necessary to say yes, and no when I think it necessary to say no. If I join the party, I shall have to say yes when I want to say no and no when I ought to say yes."

The secretary of the regional party committee in Aleksandr Chakovsky's The Roads We Choose describes a party colleague thus: "Seers were high priests in ancient Egypt. They deluded the people who believed them. But when they met each other, they could not refrain from exchanging knowing glances, winking at each other as if to say 'We know all about this game.' That's what Smirnov is--a Soviet seer."

Materialism

Valentin Ovechkin warned in It is Time to Reap the Fruits of the increasingly materialistic outlook of youth. The "bad" brother says: "Why didn't I go to the country" To drag up some backward farm? Let each live according to his merits.... Was it easy for me to get a high education? Stone and iron will not bear what I have borne as a boy. With my teeth I got out of life what is mine." His wife agrees: "Our fathers suffered enough in order for us to have a good life. Sacrifices, difficulties, shortages--when will it all end?.... It is time to reap the fruits which have been sown." The hero can only splutter helplessly: "One should know how to fight your kind of people.... I'm boiling with rage, but I don't really know how to answer .... It's time to reap the harvest, but it's time, too, that people of that kind don't dirty our land."

The young critic Stanislav Rassadin in The Sixties, a

non-fictional article on current Soviet literature, attempted to justify the frankly material motives of many Soviet youths. He quotes a young tractor driver in Kazakhstan: "There is a lad in a book I once read who gives up his money, gives up his house, sleeps in a tent, and goes about in overalls...and at work he cracks one record after another like sunflower seeds. But if I have nowhere to live, I can't do my work properly. And I may look young, but I have a wife and two kids. They've got to eat, haven't they? So there you are. No, don't argue with me, mate, it's just a lot of bragging." Rassadin concludes that in the USSR's "current stage of development," youth's revulsion from the storied selflessness of the older generation is right and natural.

For those who feel they cannot afford the luxury of such frankness, there has developed what Komsomolskaya Pravda describes as the "umbrella mentality"--the ability to parrot the appropriate phrases and even to go through the appropriate motions of "agitating" in public, while privately living by an entirely different code. In Colleagues, a reprehensible character who takes bribes and uses influence to get a soft job is asked: "Wasn't it your article I read a little while ago about labor discipline?" No whit disconcerted, he replies: "Well, I've got to retrieve my reputation somehow." Publication of the story predated the press exposure this spring of a real-life counterpart--a Moscow student, Komsomol member, model activist, and head of his institute's circle for extracurricular study of political economy, who had also found time to engage in large-scale black-marketeering.

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### Class Antagonisms

The nonconformists in their published works have been less concerned with material inequities than with man's inner life. The conformist publicists, however, have provided some startling glimpses of class antagonisms in the "classless" Soviet society.

In the highly praised Continuation of a Legend by Anatoly Kuznetsov, published in July 1957--the hero, a teen-ager in school, goes to visit a glamorous classmate who receives more in monthly pocket money than the hero's mother can make in a month as a seamstress. His confusion and embarrassment when confronted with her wealthy home and snobbish mother, and his own recognition of the deep gulf between them, eventually develop into hostility for "her kind." "Yes, now I see, we are enemies.... Thus be prepared. We are going to annihilate you. Everything in the world is just in the stage of a beginning. In life there is a lot of fighting waiting for us. Our generation is only entering that period." These words, the closing lines of the story, are addressed, not to the aristocrats of Tsarist Russia, but to "comrades" 40 years after the revolution.

Since wealth in the USSR usually follows education, the stereotype of the simple wholesome masses is a strong one. Villains are either those with higher education or sophisticated city dwellers, preferably both.

In Vil Lipatov's Wild Mint resentment of higher education is especially noticeable. Not

only is the villain a highly trained young engineer who attempts to sabotage the work of the simple lumbermen, apparently out of pure malice, but two otherwise inoffensive teen-agers fulfilling their work obligation before going on to college are also objects of dislike. They offer their specialized knowledge to make repairs without which the team cannot meet its work quota but are contemptuously refused. "What scientific terms they use, not just 'coil,' like any ordinary worker would say, but 'induction coil.'" The hero sneers and "eyes the lads with hatred. Dolled themselves up! In ski suits and leather ankle-boots, and wearing ties with those snow-white shirts under their jackets. 'Sissies.'"

### International Brotherhood

Notably lacking in this picture of Soviet youth is any suggestion of the international brotherhood of the working class, or of a hostile outside world. On the rare occasions when lands outside the USSR are mentioned, they are used chiefly to satisfy Soviet youth's deep hunger for the exotic. A young doctor in Colleagues, on receiving an assignment aboard a ship, thinks: "Like a magician performing for children, the man in the worn coat had raised a curtain and revealed a vast expanse of shimmering water. And out of the water rose a mirage--palm trees, skyscrapers, cathedral spires, pyramids. You dreamed of a life extraordinary, intense, filled with interest? And thought you would never get it? You were wrong, you see. Here, take your ticket and ride into 25X1 a future as bright and entertaining as a film." [redacted]

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

### INDIA'S FOOD SITUATION

The Indian Government's relatively successful effort to expand its food production during the two five-year plans undertaken since 1951 seems likely to offset some of the ruling Congress party's political shortcomings and will strengthen its position at the nationwide elections scheduled for next winter. The success or failure of the government to promote at least a quantitative improvement in the food situation--at reasonable prices and at a rate consistent with a population increase of more than 8,000,000 per year--will ultimately be reflected at the polls.

To India's more than 400,-000,000 people a noticeable increase in the quantity and regularity of their intake of

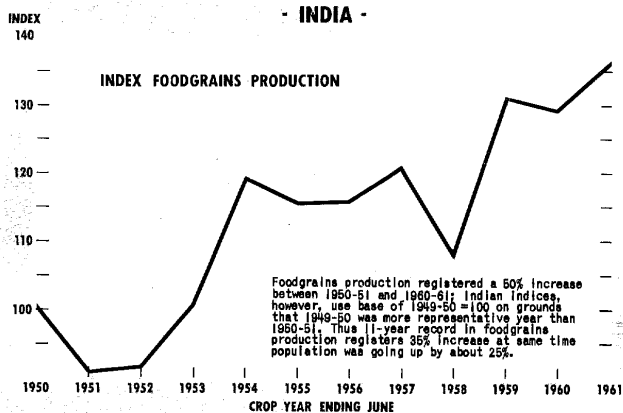
staple food grains, like rice and wheat, is the most tangible improvement the government can provide, and it is only after their hunger is satisfied that other accomplishments such as steel mills can become meaningful symbols of progress to which the ruling party can point.

#### 1960-61: A Record Year

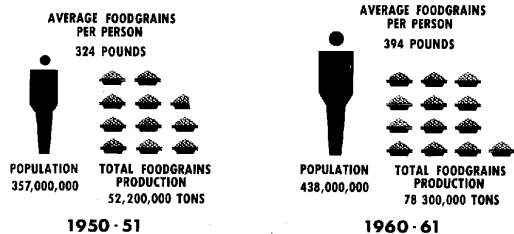
Production of food grains and pulses during 1960-61--totaling 78,300,000 metric tons--has come closer than ever before to satisfying the country's requirements. New highs were established for both rice and wheat production, with the result that the average amount of food grains available per person was advanced to slightly more than one pound a day for the first time in recent years.

The reasons behind last year's abundant production are varied. Major governmental programs to reclaim land, expand rural credit, construct irrigation works, improve seeds and strains, introduce more efficient methods of cultivation, and expand the use and production of artificial fertilizers have begun to bear fruit. The crop in 1960-61 was the latest in a series of increasingly abundant harvests which, despite occasional setbacks, have set the over-all trend since 1951.

Both the number of acres in food grains and the yield per acre have risen substantially. In the case of rice, which accounts for nearly half of all food grains produced and is the main sustenance for half the population, acreage has expanded about 13 percent since 1951, while average yields, despite wide variation, have risen at nearly double that rate. One of the most important factors in increased rice yields has been the growing adoption of Japanese



#### AVERAGE FOODGRAINS AVAILABLE FROM DOMESTIC PRODUCTION PER PERSON



1950-51

1960-61

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intensive methods, now used on about 10 percent of India's paddy lands.

A second major factor in the good results obtained in food-grain production in 1960-61 was generally favorable weather--i.e., the rains came in time and in abundance. However, while the monsoon is always a key factor in Indian agriculture, the rains in 1960-61 were not as well distributed as they had been in 1958-59, the previous record year. In fact, heavy rains in some areas were responsible for serious flooding, which caused considerable damage to standing crops, and drought conditions prevailed in other areas.

This suggests that the record crop in 1960-61 was less attributable to weather conditions than were earlier highs. An exceptionally favorable monsoon might even have enabled India's farmers to meet the Second Five-Year Plan's excessive goal for the year of 80,-500,000 tons; as it was, that goal was better than 97 percent achieved, even though foreign exchange difficulties midway through the plan had caused an 8-percent retrenchment in funds for agricultural development.

Distribution and Prices

The impact of a good harvest has been noticeable in a number of ways. Of primary importance to India's political leaders is the fact that nowhere has there been any food agitation during the past year, even in such chronic trouble spots as West Bengal and Uttar Pradesh. Thus, while there are still many people who are ill-fed and undernourished, neither their numbers nor their grievances are so great as to lead them to resort to violence.

The consumer has benefited by a slow but steady fall in his food costs during the past year or two, most noticeably an average decline in whole-sale rice prices of about 5 percent between March of 1960 and 1961. This decline in food prices has not yet threatened the farmer's income, partly because of government stockpile purchases in surplus areas and partly because of the ease with which farmers in rice-surplus states, like Orissa, have been able to dispose of their excess in rice-deficit states, such as West Bengal. This was accomplished by an administrative regrouping of surplus and deficit states, which prevented prices from soaring in the deficit states while an adequate price to the farmer was maintained in the surplus states.

New Delhi was sufficiently encouraged by the improved supply and price position of wheat that in April it removed all restrictions on the movement of wheat and wheat products throughout the country.

A significant factor in the relative stability of supply and price has been the PL-480 program, under which substantial quantities of American surplus agricultural commodities have been imported. The long-term agreement signed in May 1960 calls for the import of 17,000,000 tons of rice and wheat over a four-year period. Agricultural experts in India, including Food Minister S. K. Patil, agree that a beneficial side effect of this agreement has been the psychological "dampening" it administered to the market for speculation in foodgrains. According to Patil, at least 2,000,000 to 3,000,000 tons of hoarded food grains have been unloaded on the market since the agreement was signed.

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The major impact of the agreement, however, has been the confidence it has brought to the Indian Government in its efforts to deal with the food problem. For the first time, New Delhi has been able to plan on a steady build-up of reserve stockpiles of wheat and rice for use in maintaining the stability of supply and price, as well as to meet the needs of the country in the event of a poor crop year. These stocks had grown to more than 3,000,000 tons by June 1961 and presumably would have amounted to more if PL-480 deliveries had not had to be curtailed because of a shortage of storage facilities. A construction program is now under way to expand India's storage facilities to a capacity of 5,000,000 tons by 1964.

Nutrition

Tradition-bound India is perhaps its own worst enemy when it comes to a qualitative improvement in the food situation. Wheat and rice, which require different environments during their growing periods, are the staple foods in the widely dispersed areas in which they are grown. Wheat and other more nutritious grains cannot be easily introduced into areas where the diet has been traditionally based on rice. For the average Indian, vegetables constitute a less important portion of his diet, while meat of any sort is ruled out for millions by religious restrictions.

The level of protein in the Indian diet is low, especially among the rice-eating majority. Wheat eaters are somewhat better off in this regard because of the other crops which can be grown side by side

with wheat and because protein-rich additives, such as peanut meal, can be more easily mixed with ground wheat than with rice. Beyond the poor nutritional aspect, the diet is dull, but in a society where few people have ever received enough to eat, this consideration does not count for much except among the urban elite, who can afford the luxury and are aware of the possibility of variety in their diet.

Prospects for the Future

India, having nearly achieved the goal of the Second Five-Year Plan, seems to have a good chance of at least approaching the ambitious annual production goal of 100,000,000-105,000,000 tons of food grains established in the Third Five-Year Plan (1961-66). Weather will be an important factor and setbacks of a temporary nature will probably occur between now and 1966. However, a continuation of the trend toward adoption of Japanese methods of rice cultivation and the increasing acceptance among India's millions of peasants of the value of fertilizers and of less archaic farming methods suggest that the upward trend is well established.

Self-sufficiency remains a goal which population pressure and rising aspirations seem bound to keep just beyond the reach of India's planners and peasants. Even if it is attained sometime between now and 1966, there is no guarantee that it can be maintained for successive years, given the factors of weather and population. To the Congress party, however, whose hold on the masses of peasants has historically been strong, the improved food situation provides needed insurance that the party's popular support will be maintained.

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